

UTC adopts phone customer privacy rules

The commission adopted the nation's strongest rules protecting telephone customer privacy on Nov. 7. The rules will prohibit phone companies from selling a Washington customer's telephone records or using the information to market unrelated services, unless the customer has given permission.

The new rules go further to protect customer privacy than rules adopted in July by the Federal Communications Commission (FCC). The UTC rules take effect Jan. 1, 2003.

"Customers have been clear: They want to control the most sensitive information about whom, when, and where they call," said Chairwoman Marilyn Showalter. "The national rules did not give them this protection, so we concluded that state rules were necessary."

Work began on privacy rules late last year, when Qwest distributed confusing notices telling customers their information could be used or sold unless the customer opted out of the data-sharing plan. Many customers did not realize the effect of the notice, and other customers reported many difficulties when they tried to tell Qwest not to use their information.

In the face of criticism from customers and regulators, Qwest withdrew its information-sharing plan, and Verizon dropped its Washington customers from a similar plan. However, Verizon has filed suit to block the introduction of these rules.

"These rules leave the telephone companies plenty of room to communicate with their own customers about their telecom services," said Commissioner Patrick Oshie. "But they have to tell the customers what is happening and give customers workable methods to protect their privacy. The experience with Qwest last winter showed us that we need stronger protections than the federal rules provide."

Time called on PSE "time of use"

The plug has been pulled on Puget Sound Energy's innovative time-of-use program. The commission approved the company's request to terminate the program effective Nov. 18.

Customers who had been on the time-of-use program are now paying for their electricity on a flat-rate basis.

The commission approved the company's request to terminate the pilot program ahead of schedule after the company showed more than 90 percent of customers were paying more under the time-of-use program than they would have paid for the same amount of electricity on a flat-rate basis. The analysis did not adjust for any savings realized by consuming less electricity than a flat-rated customer.

The program's pricing changed in July as a result of an agreement that settled Puget's request for higher electricity rates. (See Summer 2002 newsletter) The rate adjustment shrank the differences between peak and off-peak rates. More significantly, it added a \$1-a-month charge to the time-of-use customer's bill. These changes made it far less likely for participants to realize a financial benefit.

The data from the pilot program will continue to be studied. It is possible that a modified version of the time-of-use program might be re-introduced in the future.

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Protect yourself from power surges

The best protection against large power surges caused by lightning and other external forces is to unplug your electronic equipment when not in use.

Plugging and unplugging equipment is a hassle, but so is replacing equipment. Even the most expensive surge protectors might not stop damage from a close lightning strike.

Surge protectors can protect against moderate surges. But not all protectors are equal.

Here's what to look for in a surge protector:

- The protector should have a *UL Rating*. *UL Listed* is not good enough.
- Clamping voltage of 330 or less—indicates voltage level that triggers the blocking.
- Total energy dissipation: The higher the better.
- A joule rating of at least 400.
- A response time of 5 nanoseconds or less.
- A warranty against damage to equipment.
- Filters for line noise, also known as electromagnetic interference.

Keep in mind that surges can enter your home through any wire so consider surge blocks for telephone, modem and cable connections.

You can also contact a licensed electrician regarding the installation of a whole house surge protector.

Surge protectors are designed to take the “bullet” for your equipment. Check the function of the your protector often. It may lose its capacity to protect after a large surge.



AREA CODE FORECAST

More prefixes, not more dialing

The outlook continues to look bright for avoiding a new area code and 10-digit local dialing—at least for a few years.

Last year, the commission postponed indefinitely the addition of a new area code in Western Washington. Aggressive efforts by the UTC and telecommunications companies to retrieve unused phone prefixes made this delay possible.

Now, because of additional number conservation measures, the latest official forecast for a new area code is late 2004. But UTC staff are hoping that continued conservation efforts will extend that date out another two to five years.

Two years ago, estimates showed the 360 area code was running out of prefixes—the first three digits in a local phone number. At that time, when a phone company needed numbers, it received an entire prefix—10,000 numbers.

During the 90's, when the telecommunications industry was running red hot, companies burned through so many prefixes that Western Washington had to add three new area codes.

A fourth area code was about to be added when the economy started to slow down. Since the new area code would result in 10-digit local dialing, commission staff launched a program of recapturing unused and under-used prefixes.

Additional conservation measures are also being used such as “number pooling.” This technique, which required changes in the phone network, allows partial prefixes to be allocated to companies that do not need all 10,000 numbers of a prefix.

Electric utilities offer winter heating help

The three regulated electricity providers in Washington all offer programs to assist customers through the winter months.

Avista

Avista provides rebates on energy-efficient products and home weatherization. The Spokane-based utility has two programs to assist customers with paying bills. The Customer Assistance Referral and Evaluation Service (CARES) helps customers establish payment options. Project Share provides emergency energy assistance. Avista also offers free translation help and credit counseling. Find more information about these programs at www.avistautilities.com or by calling, 1-800-227-9187.

Pacific Power

Pacific Power offers information about energy-saving home improvements. For customers who are having trouble paying bills, the utility provides special services, bill assistance and time-payment plans. Pacific Power works with local non-profit agencies to help eligible low-income customers with weatherization and reduced rates. Find additional information at www.pacificpower.net or call 1-877-548-3768.

Puget Sound Energy

Puget Sound Energy (PSE) offers coupons for fluorescent light bulbs and rebates for energy-efficient products. PSE works with the Salvation Army in the Warm Home Fund to aid low-income families who may lose energy or natural-gas service. PSE also works with local agencies to give weatherization and bill assistance for low-income customers. Learn more at www.pse.com or by calling 1-888-225-5773.

Low-Income Home Energy Assistance Program

This program, known as LIHEAP, helps to make home heating affordable through weatherization projects and to avoid shutoff of utilities during the winter. The same local agency that manages LIHEAP also manages the proceeds from the Avista and Puget low-income assistance charge on your bill. Visit www.liheapwa.org or contact your utility for more information.

Budget Plans

You do not have to be low-income to take advantage of an average billing plan offered by your utility. The plan averages out your utility bill. You pay a little more in the summer, but less in the winter. Call your utility for more information.

Written by Kelly Walsh

Read fine print when breaking in new computer

If you're thinking of trying a new Internet service provider, make sure the access provider has a local phone number.

This may seem obvious but with the seamless manner in which modems automatically dial an Internet access provider, you cannot know for sure what kind of call it is unless you make a conscious effort to

check. If you don't, you might learn the hard way when your next phone bill arrives.

Every January, complaints come in to the UTC from customers who received new computers for the holidays. They jumped on the Internet using one of the many "free offers" provided without checking whether the access call would be local or at least toll-free.

The Internet service might be free but the long-distance bill will cost you.

Turn cooking appliance off if power goes out

If you should lose power while still cooking dinner, turn off your stove and oven and any other heat-producing appliance. This will reduce the risk of fire if the power kicks back on when you're not there to deal with the consequences.

As for your meal, food safety experts say you should toss partially-cooked meat or poultry or else finish cooking it outside on a grill or camp stove.



Long-distance deal should be at least worth paper its printed on

If you're used to doing business with the shake of a hand, you should know that it just doesn't happen that way with telemarketers. If you like what you hear over the phone, get it in writing before you agree to the deal.



This caution applies particularly when changing your telephone service.

Here's what could happen. Say you get a sales call asking you to switch your long distance service. The rates sound great; you're ready to switch over. A third-party verifier then comes on the line to ask

whether you understand that you are authorizing a new company to provide your long-distance service.

The process complete, you hang up, looking forward to much lower phone bills with your great new long-distance calling plan.

When the first bill arrives, the great rates quoted by the telemarketer are not used. In fact, you're now paying more than before. Confused, you call the long-distance company to find out why you were billed incorrectly.

The company explains it never had a calling plan like the one you thought you were signing up for and refuses to change your bill to reflect the rates originally promised by the telemarketer. It is your word against the telemarketer's as to what was actually promised--unless you have the deal in writing.

The third-party verification only confirms that you agreed to switch providers, it usually does NOT record or verify the quoted rate that caused you to switch to the new service.

Whenever a telemarketer calls with a long-distance offer that you find appealing, get it in writing before agreeing to switch providers. If the telemarketer refuses to provide the plan in writing, that should be a good indicator that the offer is not worth, well, the paper it should have been printed on.

Do not allow yourself to be transferred to a third-party verifier unless you want to change your phone company.

Get any offer from a telemarketer in writing before making changes to your telephone service.

Remember that the conversation you have with a telemarketer is usually not recorded.

Verification means switching service

Verification procedures, such as those described in the column at right, are designed to provide soliciting carriers with proof you agreed to switch to their phone service.



The most common verification method is for a third-party, someone independent of the telemarketer, to ask whether you have agreed to switch phone-service providers.

Some consumers have complained they were misled about the purpose of the verification process. In these instances, customers received a call from someone claiming to be with their local phone company. The caller asked if the customer would like a consolidated long-distance and local-phone bill. When the customer agreed, the caller said, "To legally do this, we have to have this verified. A third-party verifier will be talking to you shortly. Just provide the information and say yes."

Victims of these scams find that instead of receiving a consolidated phone bill, they get a new bill from a different long-distance carrier with rates much higher than their preferred company. These customers were so misled by the telemarketer they did not listen carefully to questions by the third-party verifier.

But the first mistake was allowing to be transferred to a verifier in the first place. This should only occur when you are sure you want to change your phone company. (And remember we suggest getting the offer in writing first.) If you ever hear a third-party verifier on the line, you should expect the purpose of the conversation is to change your service provider.

If you feel your phone service has been changed in a deceptive manner or without your permission, contact the company. If the issue cannot be resolved that way, contact the UTC at 1-800-562-6150 or via our website at www.wutc.wa.gov.

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• *The articles on these pages were written by Lori Kanz*
• *who handles cases like the ones described above in the*
• *UTC's Consumer Affairs office.*
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Verification requirements

Local and long-distance phone companies are required to obtain proof of a customer's decision to switch to their local or long-distance service.

One way to do this is to have an independent "third" party, operating in a separate location from the telemarketer, follow up with the customer.

Although the conversation with the third-party verifier is recorded, companies are not required to record conversations with the telemarketer. Information about the rates or calling plan you have agreed to are not part of the verification process.

Other methods of verification include:

A Letter of Agency (LOA) is signed by the customer authorizing a change in phone-service provider.

Electronic authorization obtains the customer's permission with an automated, electronic telephone-menu system. The authorization call must be made from the telephone number where service will be changed and the company must establish one or more toll-free numbers used exclusively for electronic authorizations.

Electronic Record is secured either through a website or e-mail. The company making the change must retain a copy of the electronic record screen filled in by the customer.

FREQUENTLY ASKED QUESTIONS

More on the Qwest settlement

In November, Qwest Communications agreed to pay \$1.3 million to the state as a result of an investigation by the state attorney general's office into the company's customer-service practices. The company also agreed to pay restitution to customers who claim they paid for unwanted or misrepresented services. While not admitting guilt, Qwest agreed to change many of its customer service practices that were investigated. Some of the changes will be instituted by its wireless phone service subsidiary.

Where is the money going?

Of the \$1.3 million paid by Qwest, \$300,000 will pay for the cost of the investigation, \$500,000 will be retained by the Attorney General's Office for Consumer Education and the rest will go into the state's general budget.

What about refunds?

If you are a Qwest customer who has filed complaints with the AG's office since Nov. 1, 2000 and within 120 days of the settlement (March 18), you can be refunded for any charges you incurred for services that you did not request or want.

For instance, if you paid for a phone feature or a package when you only wanted basic service, you might be due a refund. Also, complaints regarding charges for the company's wireless phone service or high-speed Internet "DSL" service could be eligible for refund.

How do I get a refund?

If you have filed a complaint with the AG's office, someone from that office will be in contact with you. Otherwise you have until March 18 to file a complaint that is eligible for restitution under the consent decree.

How do I file a complaint?

File a complaint with the Attorney General's Consumer Protection Division by calling 1-800-551-4636. File a complaint on-line at: www.wa.gov/ago/consumer/forms.

What customer services changes will occur?

In its agreement, the company has committed to:

- Using Washington-based staff to investigate complaints.
- Allowing canceling of "free" trials through toll-free number and through e-mail.
- Informing customers of any charges for jacks or inside wiring when selling additional telephone lines.
- Connecting unsatisfied customers with a manager who can resolve disputes.
- Disclosing to customers upfront that a repair call by a technician will cost \$85 and will not cover repair fees.
- Sending customers written confirmation and information on new orders and service changes.

What about DSL service?

Qwest is not allowed to take a DSL order from a customer unless it can make a preliminary determination that the company can provide the service. All advertising must make it clear that DSL is not available in all areas and must provide a way for customers to easily determine (website or toll-free number) whether DSL is available in their area.

Where can I find more info?

For more information about this agreement, including a more complete fact sheet, visit the AG's website: www.wa.gov/ago.

Privacy rules strongest in nation

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The three-member commission adopted the rules in a split decision. Showalter and Oshie voted for the rules. Commissioner Richard Hemstad dissented. Hemstad

believes the controlling federal statute requires a telephone company, without distinguishing between more or less sensitive information, to obtain the express approval of a customer before it may use customer-specific calling records for any marketing purpose.

“Congress constructed a section of law that has as its unmistakable aim the protection of the confidentiality of customer information, and it placed the customer in charge of that confidentiality, not telecommunications companies and not regulatory agencies,” Hemstad said in his written opinion. “I believe ‘approval’ can mean only an affirmative statement by a customer, not an assumption of approval based on the absence of disapproval,” he added.

A federal law enacted in 1996 prohibits telephone companies from using private-customer information without the customer’s approval. The telecommunications companies successfully challenged in federal court the first rules adopted by the FCC, prompting both the state and federal agencies to review their rules.

The revised federal rules enacted in July require customers to opt-out if they do not want the telephone company to use the information for marketing other services and share it with related companies. Under the federal rules, a company has to get the customer’s express approval only if it wants to share the information with unrelated companies or use the information to market non-telecommunications services.



“We think our new rule will stand up in court, and we hope the FCC will not try to pre-empt it,” Showalter said. Verizon recently asked federal regulators to prohibit states – Washington in particular – from adopting stronger privacy rules.

Here are some highlights of the stronger provisions of the Washington rules:

- Extra protection, compared to the federal rules, to “call detail.” Call detail is the information about whom, where, and when a customer makes calls. The new rules prevent phone companies from using call detail for marketing unless they acquire customer-expressed approval.
- A tighter circle drawn around data sharing within the “corporate family.” Federal rules allow a telephone company to share customer information with all of its “joint-venture partners” and “contractors.” For example, Qwest could share information with an Internet service provider, such as MSN or AOL, if it is a joint-venture partner. The new rules limit sharing to companies that are under common ownership, such as Qwest’s local and wireless phone companies.
- Better customer notices and easier methods for customers to opt-out of information sharing than is provided for in the federal rule.



The UTC rules apply to local and long-distance telecommunications companies providing service in Washington. They do not protect wireless customers because wireless companies are exempt from all UTC regulation.

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RETURN SERVICE REQUESTED

In This Issue

Read about the strongest telephone privacy rules in the nation and the latest on the Qwest customer-service settlement with the state Attorney General. Find out what happened with Puget's time-of-use program and learn why deals made over the phone should be put in writing. And much more inside the latest edition UTC News & Views.

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